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SUBJECT: REMITTANCES TO COSTA RICA UP 18% IN 2006

¶1. Remittances to Costa Rica increased by 18% in the first six months of 2006 over the amount received in the same period of 2005. The total through the first six months of 2006 is \$234 million with the majority coming from the USA. People in Costa Rica remitted some \$108 million, representing a 7% increase in the first half of 2006. The majority of these funds are sent to Nicaragua. The net revenue from remittances is therefore \$126 million and represents an increase of 30% in 2006 according to the Central Bank of Costa Rica.

2 The net revenue from remittances tripled from \$77 million to \$204 million over the five-year period ending in 2005. This is still a fraction of what is received by the other Central American countries. For example, Honduras calculates receipts of \$2.4 billion for the first six months of 2006.

¶3. Close to 28,000 Costa Rican households (about 3% of all households) receive remittances from relatives living outside Costa Rica, according to a study conducted from 2004 to 2005 by the University of Costa Rica. A study developed by Juan Carlos Vargas of the Central American Center for Population found that on average, remittances represent a fourth of a household's annual income. Some 2,300 vulnerable households reported that remittances were their only income.

¶4. Another study conducted by the the Central Bank of Costa Rica (BCCR) in 2005 determined that emigration from the country is from primarily two zones, Los Santos/Perez Zeledon and the north central suburban area comprising Naranjo, Grecia and Sarchi. The former area, an erstwhile center for coffee production, is now the poorest in the nation where one of every three families is unable to earn enough to meet basic needs due to high unemployment in the region.
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